



# City of Loma Linda Official Report

Karen Gaio Hansberger, Mayor  
Floyd Petersen, Mayor pro tempore  
Robert Christman, Councilmember  
Stan Brauer, Councilmember  
Robert Ziprick, Councilmember

COUNCIL AGENDA: March 22, 2005

TO: City Council

SUBJECT: Request from City of San Clemente for membership in the  
California Joint Powers Insurance Authority

# **Initial Risk Management Evaluation City of San Clemente**

# CALIFORNIA JPIA

## MEMBERSHIP APPLICATION

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## REPORT OF INITIAL RISK MANAGEMENT EVALUATION

of the

CITY OF SAN CLEMENTE

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### I. RECOMMENDATION

It is recommended that the City of San Clemente's application for membership in the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY, beginning July 1, 2005, be approved with an initial General Liability Program primary deposit of \$740,597 and an initial Workers' Compensation Program deposit of \$440,102. Based on the City's payroll, an additional \$5,566 deposit will be made to the Workers' Compensation Excess Pool.

### II. GENERAL INFORMATION

A. Date of Survey: February 4, 2005

B. Participants in Survey:

1. For CALIFORNIA JPIA: Beth Lyons, Assistant Executive Director  
Jim Gross, Senior Risk Manager
2. For City:  
Pall Gudgeirsson, Asst. City Mngr./Treasurer  
Myrna Erway, City Clerk  
Stephen Mead, Recreation Division Manager  
Al King, Beaches, Parks & Recreation Director  
Rhondi Taylor, Human Resources Manager  
David Lund, Public Works & Econ. Dev. Dir.  
William "Bill" Cameron, City Engineer  
Will Buddenhagen, Sr. Facilities Maint. Sp.  
Dennis Roger Reed, Beaches & Parks Manager  
Thomas Rendina, Finance Manager  
Mark Somerville, Maintenance Services Mngr.  
Karen Kerwin, Human Resources Analyst II  
Lance Hunter, Animal Services Officer

C. Description of Applicant:

Located on the Pacific coast in south Orange County, the City of San Clemente has a population of 63,100. The city, which is nearly 20 square miles, was among the first master planned communities built from totally open land in the United States. The city's founder, Ole Hanson, laid out an expansive plan based on the Spanish Colonial architectural style including restaurants, a clubhouse, residences, public parks, a public pool, a fishing pier, and equestrian trails.

The city was incorporated in 1928 as a general law city using the Council-Manager form of government. The Council is made up of five members elected with four-year, over-lapping terms. The Mayor is selected annually by and among the Council Members. The City Clerk and City Treasurer are elected officials.

The city's 2004-2005 total budget was \$92,800,000 with a staff of 170 full-time employees, and 2004-2005 payroll of \$10,952,219. The city contracts with Orange County for both police and fire services.

During the survey, city staff displayed knowledge and concern about risk management issues. This attitude was reflected in documented policies and procedures, as well as the financial commitment the city has made to regularly conduct a variety of capital improvement projects.

### III. CURRENT INSURANCE PROGRAM

The city is currently a member of the California Insurance Pool Authority (CIPA). The self-insured general liability and automobile liability program has an occurrence limit of \$2,000,000, at a retention level of \$100,000. An excess insurance policy purchased by CIPA provides coverage from \$2,000,000 to \$22,000,000. Ward North America provides claims administration services for the city's liability claims. The estimated premium for 2004-2005 for claims in excess of the city's self-insured retention was \$341,881.

The city self-insures the first \$300,000 of each workers' compensation loss. Coverage to \$3,000,000 is provided through CIPA. The Claims Management Section of the State Compensation Insurance Fund provides claims administration services for the city's workers' compensation claims. The 2004-2005 premium for claims in excess of the city's self-insured retention was \$81,486, while the total cost for workers' compensation claims was estimated at \$465,486.

#### **IV. EXPERIENCE AND LOSS DATA**

##### **General and Automobile Liability**

The city has a liability loss history consistent with the scope of its operations. Over the past five years, it has averaged about twenty losses per year. The cost of the city's losses over this same period has been an average of approximately \$414,455 annually.

##### **Workers' Compensation**

The city's workers' compensation losses are consistent with the scope of its operations. Over the past five years, the city's average claim cost has been approximately \$160,000.

#### **V. APPLICATION FEE AND DEPOSIT COMPUTATIONS**

##### **A. Application Fee:**

The City of San Clemente paid an application fee of \$1,000. This fee will be applied toward the primary deposit if the City is approved as a member or refunded if membership is not approved.

##### **B. General Liability Deposit:**

The initial primary deposit covering the period July 1, 2005 through June 30, 2006 was established at \$740,597. The deposit was established based upon a pro forma analysis of the city's claims history covering the period July 1, 1996 to June 30, 2003.

##### **C. Workers' Compensation Deposit:**

The initial deposit for the July 1, 2005 through June 30, 2006 coverage period was established at \$440,102. The deposit was established based upon a pro forma analysis of the city's claims history covering the period December 1, 1997 to June 30, 2003. Based on the City's payroll, an additional \$5,566 deposit will be made to the Workers' Compensation Excess Pool.

#### **VI. PHYSICAL INSPECTION AND COMMENTS**

##### **A. CITY HALL**

City Hall houses the departments of Administration, Finance, Human Resources, and the City Clerk. Orange County Sheriff and Fire departments also have offices in the building. The building is maintained in a satisfactory manner. It appears to provide sufficient accessibility for

the disabled.

B. PUBLIC WORKS

The public works yard houses the city's Public Works field staff and Beaches, Parks and Maintenance field staff. The staff includes Utilities (water and wastewater), Maintenance Services, and Beaches and Park Maintenance. Contractors perform major infrastructure projects.

Fleet maintenance is performed within the city's vehicle maintenance garage facility by an independent contractor. All public works facilities appeared to be well maintained and housekeeping was exceptional. The city has a detailed automated maintenance/complaint tracking system called STAT. The system has been in place for several years and staff throughout the city made reference to their use of the STAT system during the survey.

C. BEACHES, PARKS AND RECREATION

The Beaches and Parks Maintenance Division provides maintenance services to beaches, parks, street medians, and trees. The Division's four full-time inspectors currently maintain 228 recreational acres, including 19 parks (they are in the process of acquiring two additional parks), 20 acres of beach, 6.8 miles of hiking trails, and 10 beach access points. All city playgrounds are either new or have been renovated within the past five years.

Also included in the Division's maintenance responsibilities are 31 acres of streetscape medians and parkways, approximately 13,000 trees, and 28 acres of Utilities Division facilities including a water reclamation facility, water reservoirs, a well site, and pump stations. The maintenance level at the facilities observed was satisfactory.

The Recreation Division manages two swimming pools and a community center, while the Marine Safety Division provides lifeguards and handles the administration of seven beach/pier concessions.

D. RECREATIONAL FACILITIES

The city owns an 18-hole golf course for public use. The course is operated and maintained by the city. A concessionaire manages the food and beverage, and a golf pro is located onsite.

The city owns and operates a pier. The restaurants on the pier are operated through concessionaire agreements. The Marine Safety Division performs inspections on the pier, while a contractor performs major repairs. Marine Safety Division lifeguards guard the three miles of beach within city limits.

The city also owns both a skeet range and a lawn bowling facility. Both the range and the lawn bowling facility are operated and maintained through concessionaire agreements.

#### E. STREETS, SIDEWALKS, SLOPES

The Public Works Maintenance Services Division is responsible for maintenance and minor repair of city-owned streets, alleys, parking lots, curbs, gutters, sidewalks, traffic signage, street sweeping, parking meter maintenance and collection, maintenance of unimproved storm drain systems and street drainage inlet grates/openings; and manage/inspect contract street striping, legend and curb painting.

The city spent \$15 - \$20 million during the past 10 years to improve and maintain city streets. Adequate signs, pavement markings, and warning notices where appropriate were observed during the evaluation. During the course of the evaluation, no indications of roadway undermining caused by surface drainage or dangerous conditions were noted.

The city has adopted an ordinance that transfers the responsibility for sidewalk maintenance to the property owner, and the City Engineer is in the process of developing a comprehensive sidewalk maintenance program in conjunction with a contractor.

Because of land movement issues, in 1982-1983 the City implemented stringent grading requirements for all new development projects. According to the City Engineer, the city has not experienced earth movement activity at any locations developed since implementing the grading standards. Additionally, since 1989 the city has been using a geologist to complete plan checks for proposed developments. The city also spent over \$5 million in 1993 to stabilize the hillside along Pacific Coast Highway.

### VII. WATER AND OTHER UTILITIES

The Public Works and Economic Development Department (Utilities Division) manages water, sewer, storm drain and water quality services to the City. Water Utilities operates, maintains, and repairs 14 reservoirs, 14 pump stations, a well, and a treatment facility. Wastewater Utilities is responsible for the operation, maintenance, and repair of the city's wastewater collection, treatment, and disposal facilities. Storm Drain Utilities is responsible for the operation, maintenance, and repair of the city's storm water collection system.

In 1993, the city established a drainage assessment fee for utility users. The fee generates \$900,000 annually, which is used to provide an increased-level of maintenance and to upgrade existing water/sewer system infrastructure. The city is also in the process of relining sewer mains, and is completing 20-30

locations annually.

Electrical power is provided by SDG&E. Southern California Gas Company provides natural gas. CR&R is the contract provider for refuse collection and recycling services.

#### **VIII. FIRE DEPARTMENT**

Orange County Fire Protection Authority provides fire protection and medical-aid services.

#### **IX. POLICE DEPARTMENT**

Orange County Sheriff's department provides police services.

#### **X. SUMMARY AND EVALUATION**

City leadership appears committed to making the capital improvements necessary to enhance both the safety and appearance of the city. City management employees also understand and are committed to the concept of risk management and are aware that hazardous conditions need to be evaluated and addressed to reduce the city's exposure to risk/loss. Consistent with that risk management philosophy, a formal risk management program was developed and incorporated into the city's policy and procedure manual.

It is the CALIFORNIA JPIA staff's conclusion that the physical inspection, committed leadership and interest expressed qualify the City of San Clemente for consideration for membership in the CALIFORNIA JPIA.

We also find that membership will benefit the city by providing reliable and economical coverage, and it will be advantageous to the CALIFORNIA JPIA by expanding its ability to spread pooled losses and costs.

# **Application for Membership City of San Clemente**



# CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

8081 Moody Street, La Palma, California 90623

(562) 467-8700 • FAX (562) 402-8692

## City of San Clemente

### APPLICATION FOR MEMBERSHIP

INSTRUCTIONS: Please complete the following underwriting information. You may attach additional sheets, if necessary, to amplify your answers. The application should be signed by the City Manager. Please type your answers.

Date of Application: 2/10/05

Date of Incorporation: 2/28/28

CITY OF: San Clemente COUNTY OF: Orange

ADDRESS: 100 Avenida Presidio, San Clemente, CA 92672

MAIN PHONE: (949) 361- 8200 MAIN FAX: (949) 361- 8283

WEBSITE: http://ci.san-clemente.ca.us

APPLICATION COMPLETED BY: Pall Gudgeirsson, ACM/Treasur PHONE: (949) 361-8341

#### FUNCTION:

City Manager:

Finance Officer:

Public Works Director:

Parks & Rec Director:

Planning Director:

City Clerk:

Personnel Director:

Risk Manager:

City Attorney:

Police Chief:

Fire Chief:

Salutation	Name	Actual Title	Phone	Email
Mr.	George Scarborough	City Manager	(949) 361- 8321	
Mr.	Tom Rendina	Finance Manager	(949) 361- 8312	
Mr.	David Lund	Public Works Director	(949) 361- 8391	
Mr.	Al King	Parks & Rec Director	(949) 361- 8263	
Mr.	George Buell	City Planner	(949) 361- 6185	
Ms.	Myrna Erway	City Clerk	(949) 361- 8345	
Ms.	Rhondi Taylor	Personnel Director	(949) 361- 8313	
Mr.	Jeff Oderman	City Attorney	(949) 361- 8383	

1. POPULATION: 63,100

2. AREA: 18.45 Sq. Mi.

3. TOTAL OPERATING BUDGET (FY 2004-2005): 92,800,000  
(please provide a copy of your adopted budget)

## 4. EMPLOYEE CENSUS:

Gross Payroll for  
Calendar year 2004  
(include non-taxable  
compensation & PT)

		FT (Positions)	PT (FT Equiv)	VOL (People)	
Clerical Office	(8810)	38	22	4	
Municipal Non-Manual	(9410)	56	43	34	
All Other Municipal	(9420)	41	29		
Fire Fighters	(7706)				
Volunteer Fire Fighters	(7707)				
Police Officers	(7720)				
Volunteer Police Officers	(7722)				
Bus Operators	(7382)				
Pilots	(7424)				
Animal Services	(8831)				
Water Works	(7520)	20			
Sanitation Employees	(7580)	15			
All Other	(9999)				
TOTAL EMPLOYEES & GROSS PAYROLL (Calendar year 2004)		170	94	38	\$10,952,219.49

5. CURRENT INSURANCE PROGRAM (or last insured year):  
In addition, please submit the face sheets of all current policies.

## A. GENERAL LIABILITY COVERAGE: (Claims made or occurrence, please specify)

## 1. Primary Coverage:

Carrier: California Insurance Pool Authority  
 Policy Period: 7/1/04 - 7/1/05  
 Occurrence Limit: \$ 1,900,000.00  
 Premium: \$ 341,881.00  
 Deductible/Retention: \$ 100,000.00  
 Claims Administrator: Ward North America, Inc.

## EXCESS LIABILITY COVERAGE:

\$ 20,000,000.00 Excess of \$ 1,900,000.00

Carrier: California Insurance Pool Authority  
 Policy Period: 7/1/04 - 7/1/05  
 Premium: \$ \_\_\_\_\_

\$ \_\_\_\_\_ Excess of \$ \_\_\_\_\_

Carrier: \_\_\_\_\_  
 Policy Period: \_\_\_\_\_  
 Premium: \$ \_\_\_\_\_

\$ \_\_\_\_\_ Excess of \$ \_\_\_\_\_

Carrier: \_\_\_\_\_  
 Policy Period: \_\_\_\_\_  
 Premium: \$ \_\_\_\_\_

B. WORKERS' COMPENSATION COVERAGE:

1. Primary Coverage:

Carrier:	<u>City of San Clemente - Self Insured</u>	
Policy Period:	<u>7/1/04 - 7/1/05</u>	
Premium:	\$	<u>384,000.00</u>
Employers Liability Limit:	\$	<u>300,000.00</u>
Deductible/Retention:	\$	<u>300,000.00</u>
Claims Administrator:	<u>State Comp Insurance Fund - Claims Management Section</u>	

2. Excess Workers' Compensation Coverage:

\$	<u>2,700,000.00</u>	Excess of \$	<u>300,000.00</u>
Carrier:	<u>California Insurance Pool Authority</u>		
Policy Period:	<u>7/1/04 - 7/1/05</u>		
Premium:	\$		<u>81,486.00</u>

C. PROPERTY INSURANCE:

1. Coverage: (Replacement cost or other, please specify)

Insured values:	
Buildings:	\$ <u>96,994,465.00</u>
Contents:	\$ <u>42,083,345.00</u>
Vehicles:	\$ <u>2,002,015.00</u>
Other:	\$ <u>3,027,900.00</u>
Total Values	\$ <u>144,107,725.00</u>

Carrier:	<u>California Insurance Pool Authority (Driver Alliant - PEPiP)</u>	
Policy Period:	<u>7/1/04 - 7/1/05</u>	
Premium:	\$	<u>396,834.00</u>

Property Insurance "Other"  
Business Interruption  
\$1,428,500 (under 100,000)  
\$1,599,400 (over 100,000)  
Total: \$3,027,900

6. LOSS EXPERIENCE SUMMARY: (Past five completed years)

Additionally, please submit detailed claims information for the past ten years. See "Claims History" forms for more information.

A. GENERAL LIABILITY INCURRED LOSSES:

Year	Number of Losses	Amount of Losses
02-03		\$247,197.00
01-02		\$537,979.00
00-01		\$557,381.00
99-00		\$341,334.00
98-99		\$401,906.00

B. WORKERS' COMPENSATION INCURRED LOSSES:

Year	Number of Losses	Amount of Losses
02-03		\$345,091.00
01-02		\$137,550.00
00-01		\$528,922.00
99-00		\$241,386.00
98-99		\$190,656.00

C. INSURED PROPERTY INCURRED LOSSES:

Year	Number of Losses	Amount of Losses
	Info not available	

7. GENERAL EXPOSURES:

	Number	Area
A. Waterfront Property:		
B. Cemeteries:		
C. Housing:		
D. Libraries and/or Museums:		
E. Parks and Playgrounds:	21	
F. Stadiums and/or Grandstands:		
G. Swimming Pools:	2	
H. Golf Courses:	1	
I. Police Horses:		
J. Police Canines:		
K. Auditoriums and/or Exhibition Halls:		
L. Community Centers:	1	
M. Buildings Leased to Others:	2	
N. Land Leased to Others:	1	
O. Buildings and/or Land Leased by Organization:	1	
P. Hospitals:		
Q. Airports:		
R. Fixed-Wing Aircraft:		
S. Helicopters:		
T. Motorpools / Garages:	2	
U. Underground Storage Tanks:		
V. Permits:		
Construction:		
Demolition:		
Environmental/Hazards:		
Other - (please describe):		

8. VEHICLE EXPOSURES:

	Number
A. General Vehicles:	
Passenger Sedans (non-police):	21
Pickups & other maintenance vehicles:	64
Construction/Heavy Equipment:	41
Other - (please describe):	9 trailers
B. Emergency Vehicles:	
Police:	
Passenger:	
Motorcycles:	6
Pickups/Vans:	
Fire:	
Passenger:	
Pickups/Vans:	
Apparatus:	
C. Public Transit Vehicles:	
Mini Buses/Vans:	
Buses:	
D. Watercraft:	
Type:	Honda 4 stroke personal watercraft

9. ROADWAY AND TRAFFIC EXPOSURES:

A. City Streets: (miles)	131.14-center line miles
B. County Roads: (miles)	0
C. State Highway: (miles)	5.80
D. Traffic Signals: (number)	59
E. Parking Lots: (number)	27 (not including parks)
F. Parking Meters: (number)	600
G. Sidewalks: (miles)	146.6

10. POLICE SERVICES EXPOSURES:

A. Number of Sworn Officers:	
Full-time:	Contract - Orange Co
Part-time:	
B. Number of Reserves:	
Level I:	
Level II:	
C. Number of Police Stations:	
D. Number of Jail Facilities:	
Number of Cells:	
E. Is there a Policy and Procedures Manual?	
F. Is there a written Pursuit Policy?	
G. Is there a written Policy on the use of Firearms?	
H. Is there a written Policy on the use of Canines?	

11. FIRE SERVICES EXPOSURES:

A. Number of Sworn Fire Personnel:	
Full-time:	Contract - Orange Co
Part-time:	
Volunteers:	
Paramedics:	
B. Number of Fire Stations:	

12. UTILITY SERVICES EXPOSURES:

A. Water Department:	
Please submit an inundation map showing location and describe each dam.	
1. Number of Employees:	22.56
2. Average capacity/day:	
Domestic:	12,000-15,000 acre ft / yr
Industrial:	Included above
3. Source of supply:	1 well(10%), MWD(90%)
4. Dams:	
Number:	0
Capacity:	
Type:	

5. Reservoirs:

Number:

Capacity:

Type:

Included below

6. Storage tanks:

Number:

14

Capacity:

20 mil gallons

Type:

Concrete / Steel

7. Source of water supply:

90%-MWD; 10%-Well

B. Sanitary Sewer Service:

Number of employees:

18.14

Average capacity / day:

4 - 4.7 mgd

Level of treatment:

Regulatory

Effluent discharged to:

So OC Wastewater Auth

C. Service Suppliers:

Electrical Power:

SDG & E

Natural Gas:

Southern California Gas

Telephone:

SBC

Cable Television:

Cox

Water: (if private)

Solid Waste Disposal:

Solag

13. Please include material information not requested on this form.

ACKNOWLEDGEMENT (To be completed by City Manager):

All of the above information, including attachments, has been fully disclosed. The CALIFORNIA JPIA may rely on these answers, including attachments, when considering this application for membership.

NAME:

DATE:

SIGNATURE: